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31 October 1979

# Japan Report

No. 82

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POLITICAL AND SOCIOLOGICAL

VIEWS ON ELECTION RESULTS, OHIRA'S TASKS

NHK's Views

Tokyo General Overseas Service in English 0810 GMT 8 Aug 79 OW

[Unattributed commentary]

[Text] The ruling Liberal Democratic Party has failed again to win a parliamentary majority in Sunday's general election in Japan. The hope for sustained resurgence of conservative power in recent times did not materialize. The party repeated its performance of the previous election in 1976 when it lost its Lower House majority for the first time since its founding through a conservative forces' merger in 1955.

The Liberal Democrats won only 248 seats in the new 511-seat legislative chamber—8 less than the simple majority of 256. It is customary for independents elected with Liberal Democratic support to join the party after the election thus increasing its strength. That occurred in 1976. It will not be too helpful this time.

As predicted in preelection polls, the No 1 opposition Socialist Party suffered further losses. The Centrist Komei Party held the line. Only the Communist Party and another centrist group—the Democratic Socialists—made clear gains.

Public apathy and inclement weather throughout most of the country combined to result in the second lowest voter turnout in postwar Japan—only 68 percent on a national average. Irregularities suspected or alleged involving some permanent conservative politicians probably tarnished the Liberal Democratic Party's image in the eyes of many voters. The tax issue also alienated many people.

Prime Minister Ohira had indicated that he might have to ask the people to assume a new burden—meaning increased taxes—if all government efforts proved insufficient to restore state fiscal health.

The election setback is a bitter blow to Prime Minister Ohira personally in his first quest for a public mandate since he assumed the premiership 10 months ago. While Mr Ohira was reelected to his parliamentary seat, he failed to achieve his goal of a ruling party victory with a comfortable margin over the opposition which would have facilitated the party in steering parliament.

Mr Ohira's rivals within the party are sure to tighten pressure on him and question his leadership. Mr Ohira has more than a year to go before his 2 year-term as president of the ruling party expires in December next year. He faces a rugged road.

The Liberal Democratic Party is a grouping of factions, each eyeing the leadership of the party. Mr Ohira's faction has expanded in strength as a result of the election, but that does not necessarily increase his options in managing the party. The next business on the political schedule is a special session of parliament to seat the new Lower House. Prime Minister Ohira's first postelection test will come in the reshuffle of the ruling party's executive lineup and the formation of a new Ohira cabinet. It remains to be seen whether he will try to exert his leadership or heed factional considerations in this task.

Many political analysts say that the ruling party's election setback may be a blessing in disguise if the good of the whole nation is taken into account. A balance of power too strongly in favor of the conservative forces could create a situation in which the government and its party would try to force their will in both policy making and legislative business. This has happened in the past.

The approximate equality of strength between the government and the combined opposition has prevented serious parliamentary disruptions these past 3 years. Political stability is necessary to steer this nation today when the whole world is faced with economic difficulties. Japan has fared relatively well so far. Still, the government will need all its resources to overcome present problems and be prepared for difficulties that may arise in the future.

The situation demands that the government and its party keep themselves open to contrary views. The opposition parties for their part will be well advised to take increasingly realistic attitudes.

#### 'KYODO' Comments on Ohira's Tasks

Tokyo KYODO in English 0624 GMT 9 Oct 79 OW

[Article by Teiji Shimizu]

[Text] Tokyo, 9 Oct, KYODO--Prime Minister Masayoshi Ohira, fresh out of a humiliating setback in the latest parliamentary election, now must grapple with the task of setting his conservative party in order. In the

process, 69-year-old Ohira must have a thorough soul-searching to find why his political gamble failed miserably.

Then, he has to realize that the power of women, which often tends to be overlooked in this male-dominated society, must be reckoned with, particularly at the polls.

Ohira, less than a year in office, staked his political career by calling for a new mandate more than a year before he was constitutionally required to. That was a gamble but Ohira was confident he would win. So confident was he that he even boldly brought in front as a major campaign issue the question of raising taxes. That in retrospect was a move Ohira made not as a man in power, but as a man with years of experience as a bureaucrat who is more concerned about the nation's state of financial affairs than the reaction it would get from voters, particularly women.

Ohira's ruling Liberal Democratic Party (LDP) took the worst beating in its history when it won only 248 seats in the 511-member House of Representatives in Sunday's election. Though the conservative party managed to top all other parties, it nevertheless failed to win even a simple majority of seats. Only with the help of 10 conservative independent winners expected to join the LDP can Ohira keep a hairline majority in the legislature.

Postelection reviews said the tax issue that Ohira raised but dropped at the last stage of the election campaign hurt his party as housewives, feeling the pinch in their purses, switched their support from LDP to opposition candidates. Some women who previously never bothered to call their friends to discuss election campaigning were reported to have done so this time out of fear that once Ohira's idea of general excise tax, a kind of value added tax, was introduced, consumer prices and service charges would all go up.

Ohira, a Finance Ministry bureaucrat-turned-statesman, believed tax increases were necessary to reconstruct the nation's deficit-stricken budget.

Conservative candidates thought heavy rains on election day played unfavorable to the LDP, but analysts said the LDP loss should not be squarely blamed on the bad weather. They contended that the Japanese people's daily behavior has changed. In the past, voters turned out in great numbers to vote either en route to or from shopping before supper-time. Now with the spread of refrigerators, housewives do not necessarily have to go shopping every evening.

These are some of the things Ohira will discuss this weekend when he meets leaders of influential factions within the LDP to map out his future plans.

Because he could not get 271 seats--the number believed necessary for the LDP to secure a "stable majority" in the House--Ohira must have cooperation from friends and foes in order to remain party president and prime minister. So far, former prime minister Takeo Miki has been the only influential conservative statesman who indirectly called for Ohira's

resignation. Other powerful factional leaders appeared to be noncommittal, at least for the moment.

In the power politics in the conservative party where who has how many followers is so important, Ohira should feel he got a consolidation prize in the election.

The LDP didn't get as many seats as he had hoped for, but his party got 24 million votes, some 400,000 more than the last general election three years ago; and his own faction won 52 seats, by far the biggest in the party.

CSO: 4120

## POLITICAL AND SOCIOLOGICAL

### 'KYODO' DISCUSSES OHIRA'S LEADERSHIP, RESIGNATION POSSIBILITIES

#### Tanaka Rules Out Resignation

Tokyo KYODO in English 1038 GMT 8 Oct 79 OW

[Text] Tokyo, 8 Oct, KYODO--Chief Cabinet Secretary Rokusuke Tanaka ruled out Monday the possibility of Prime Minister Masayoshi Ohira stepping down to answer for the upset his Liberal-Democratic Party suffered in Sunday's general election.

The LDP in an unexpectedly poor performance won 248 seats in Sunday's election, one less than it garnered in the previous 1976 election. Then Prime Minister Takeo Miki resigned from office in late 1976 after LDP strength fell from 265 to 249 seats in that election.

#### Will Not Resign, Aides Say

Tokyo KYODO in English 0221 GMT 9 Oct 79 OW

[Text] Tokyo, 9 Oct, KYODO--Prime Minister Masayoshi Ohira will continue to lead the government despite the reported possibility of his resignation following the serious setback suffered by his Liberal Democratic Party as a result of Sunday's general election, his aides said Tuesday.

The aides, including Chief Cabinet Secretary Rokusuke Tanaka and Zenko Suzuki, senior member of Ohira's party faction, disclosed the prime minister's intention to remain in power after separate meetings with him Tuesday morning.

Ohira will begin seeking cooperation of key LDP members for coping with the difficulties caused by the election outcome later this week. The LDP members the prime minister intends to meet for this purpose will include former prime ministers Takeo Miki and Takeo Fukuda. Former LDP secretary general Yasuhiro Nakasone and LDP Vice President Eiichi Nishimura, they said.

Among the leaders of the nonmainstream factions within the LDP, Miki has already expressed his opinion, in a roundabout way, that Ohira should step down to take responsibility for the LDP's failure to achieve its goal in the election.

Fukuda, Nakasone and other leaders are refraining from comment, apparently waiting for Ohira to make the first move. They are all said to be in an agreement, however, about questioning Ohira on the responsibility for the election failure.

Depending on how Ohira reacts to the outcome of the election, turmoil is possible within the ruling party with its presidency at stake before the next extraordinary Diet is convened.

Ohira told reporters who called to see him at his private residence Tuesday morning, that he slept well without being bothered by the result of the election. The usual relaxed smile was gone from his face, however. Asked if he would call for a meeting of key LDP members, Ohira said, "Maybe next week. I haven't worked out my schedule yet."

#### 'Hardliners' Call for Resignation

Tokyo KYODO in English 0629 GMT 11 Oct 79 OW

[Text] Tokyo, 11 Oct, KYODO--A group of hardliners in the ruling Liberal Democratic Party Thursday demanded that Prime Minister Masayoshi Ohira resign to take responsibility for the party's poor showing in the general election Sunday. Led by former agriculture, forestry and fisheries minister Ichiro Nakagawa, they will call on other LDP factions to join them in pressing Ohira, who is also the party president, to step down.

They said in a statement that Ohira called the general election against their opposition. The election resulted in only strengthening the faction headed by Ohira.

They said Ohira should step down to open a way for party reconstruction. The hardliners included former environment agency director general Shintaro Ishihara.

#### Chances of Keeping Leadership

Tokyo KYODO in English 0525 GMT 13 Oct 79 OW

[Text] Tokyo, 13 Oct, KYODO--Whether Prime Minister Masayoshi Ohira can survive the crisis within the Liberal Democratic Party depends primarily on his meeting with former prime minister Takeo Fukuda Wednesday, political observers here indicated Saturday. Fukuda leads a 50-member faction of the Liberal Democratic Party second only in number to Ohira's 52-member faction.

On Monday, Ohira will meet party Vice President Eiichi Nishimura, head of the faction controlled by former prime minister Kakuei Tanaka, and former prime minister Takeo Miki, whose faction is fifth largest with 30 members.

On Tuesday he is scheduled to confer with former LDP secretary general Yasuhiro Nakasone.

Members of the three major nonleadership factions headed by Fukuda, Miki and Nakasone are meanwhile taking a wait-and-see policy until Ohira winds up his 'summit meetings' next week.

The observers noted that Ohira will have a tough time bringing factional unity to the party in the wake of the party's setback in the general election. The younger members of the nonleadership factions and the hard-line antileadership group led by former agriculture, forestry and fisheries minister Ichiro Nakagawa are determined to hold the party leadership responsible for the recent 'debacle.'

The party is facing one of the most critical times in its history as a result of its failure to win a simple majority of 256 seats in the 511 seat lower house. Miki is also reported determined to hold Ohira responsible for the party crisis.

Ohira has decided to accept almost all demands of the three major non-leadership factions in order to gain their cooperation in coping with the critical situation.

CSO: 4120

## POLITICAL AND SOCIOLOGICAL

### 'KYODO' ANALYZES ELECTION RESULTS, LDP, OHIRA

#### Scandals Affected Election

Tokyo KYODO in English 0205 GMT 8 Oct 79 OW

[Text] Tokyo, 8 Oct, KYODO--Lockheed okay, Grumman and Douglas no; that simply sums up voter reaction to Sunday's parliamentary election. Candidates implicated in the Lockheed Aircraft payoff scandal of 1976 easily won reelection to the House of Representatives.

But Raizo Matsuno, an influential member of the ruling Liberal Democratic Party until the scandal involving imports of aircraft made by McDonnell-Douglas and Grumman surfaced early this year, failed to regain his seat in the powerful legislature. His son-in-law who was not involved in the scandal also was defeated.

Three prominent conservative politicians now on trial in connection with the Lockheed bribery case, however, had no trouble getting elected.

Former prime minister Kakuei Tanaka, accused of taking a yen 500 million bribe in the Lockheed scandal was returned to the Lower House for the 13th time in a row with more than 141,235 votes in his home district in Niigata Prefecture. Though the votes he collected fell short of the 168,000 he received in the previous election in 1976, he finished at the top of five successful candidates.

Former transport minister Tomisaburo Hashimoto, a close political ally of Tanaka, won reelection in Ibaraki Prefecture.

Takayuki Sato, who together with Hashimoto is on trial related to the Lockheed scandal, made a comeback in Hokkaido. A son of a fisherman family, Sato had fought the campaign saying he's the man who could represent the interest of Hollaido fishermen.

Matsuno running for the Lower House from his district in Kumamoto was less fortunate than the politicians implicated in the Lockheed scandal. A former Defense Agency director general, Matsuno admitted getting yen

500 million from Nissho-Iwai Co when the Grumman and Douglas aircraft import scandal was brought to the open this year.

He said he took the money as part of his political "activity" expenses and not to give any favor to the trading firm. He was aided then by the Statute of Limitation which freed him from any criminal prosecution.

His son-in-law, Toru Tsukada of the LDP, became victim to the scandal publicity that bared his suspected involvement in making profit in real estate transactions. He was defeated in Niigata Prefecture.

Ironical as it may seem, Kyoichi Sakamoto of the opposition Socialist Party who ran for the election in the same district as that of Matsuno, failed to win reelection. He was a member of the Lower House special committee probing Matsuno's involvement in the aircraft scandal. He fought the campaign attacking Matsuno.

#### Election, Ohira's Leadership Analyzed

Tokyo KYODO in English 0458 GMT 8 Oct 79 OW

[Text] Tokyo, 8 Oct, KYODO--Like President Jimmy Carter, Prime Minister Masayoshi Ohira faced a leadership crisis Monday in his first term in the highest political office in Japan. Like Carter who is likely to be challenged by Sen Edward Kennedy of Massachusetts in his bid to seek reelection next year, Ohira may face similar trouble as a result of the outcome of Sunday's general election.

Ohira's bold attempt to prolong his political career by seeking a new mandate more than a year before he was required to do so virtually went down the drain.

The election of the House of Representatives, which Ohira did not have to call until December next year, opened the way for the Japan Communist Party to make a remarkable comeback, and crushed the prime minister's ardent desire to lead his ruling Liberal Democratic Party to a "stable majority" by gaining 271 of the 511 seats in the influential Lower House.

The 69-year-old premier who assumed office last December tried to establish his strong leadership in the party--and the government--by putting an unpopular tax issue in front in the election. A Finance Ministry bureaucrat before turning politician, Ohira perhaps was more concerned about the nation's state of financial affairs--which has been running in the red--than how voters felt about paying more taxes.

And like Carter whose leadership was questioned in dealing with America's mounting inflation and unemployment problems, LDP members also questioned Ohira's leadership about raising tax hikes as a key campaign issue.

The prime minister gave up his idea of introducing a general excise tax, Japan's version of value added tax in Europe, in the face of stiff opposition from all quarters. But his retreat came too late to help his party win 271 seats, the number that would have allowed it to seize control of all standing committees in the House of Representatives.

A grim-faced Ohira told a television interviewer that "I cannot figure out why we suffered this unexpectedly poor showing."

While the tax issue no doubt was a direct cause of the LDP's failure to score a "landslide" victory, a series of phony expense accounts involving government offices and public corporations hurt conservative candidates.

The alleged irregularities were first reported during the 20-day campaign saying that employees of the Railway Construction Corporation were paid extra money for fictitious business trips. This exposure later led to the revelations that officials of other government offices regularly received faked overtime pay. Voters obviously questioned why tax increases were necessary at this time when public servants were being paid taxpayers' money for something they did not actually do.

Ohira's ruling party also may have been affected by aircraft payoff scandals. But then prominent figures implicated in the bribery cases succeeded in getting reelection, except only one.

Against the background of the LDP's failure to register a calculated triumph, the communists' comeback was impressive. Before the voting, they had been considered able to regain the seats they lost in the general election in 1976, but nevertheless the outcome of Sunday's polls was remarkable. The communists were believed aided by rainy weather that dampened voter enthusiasm in much of eastern Japan.

Housewives and those who were undecided may also have drifted this time to the communists from the opposition conservative New Liberal Club, the small political party formed three years ago by young men who bolted the LDP. The New Liberal Club, just fresh out of its own share of internal strife, lost much of its charm at polling stations.

But at any rate, for the immediate future, the question that is going to hang on the Japanese political scene will be how Ohira is going to remain in power. Rival factional leaders within his party are likely to call for his resignation. Ohira admitted defeat but did not say he is going to assume responsibility for his party's setback.

#### Analysts' Reaction

Tokyo KYODO in English 0348 GMT 8 Oct 79 OW

[Text] Tokyo, 8 Oct, KYODO--Prime Minister Masayoshi Ohira's ruling Liberal Democratic Party suffered a stunning setback in Sunday's general election in which the Communist Party and the moderate Democratic Socialist Party made a dramatic comeback.

About six hours before vote counting was completed, it was certain that the ruling party would be unable to win even the simple majority of 256 seats in the 511-seat House of Representatives.

The No 1 opposition Socialist Party appeared to keep its preelection strength. The small moderate parties--the New Liberal Club and the United Social Democratic Party--were severely defeated.

The Tokyo Stock Exchange, discouraged by the prospect of the LDP's election defeat, opened sharply lower Monday morning. The Dow index began the day more than yen 35 lower. By noon the index recovered slightly, but was still yen 20.30 lower at yen 6,523.59.

Prime Minister Ohira, asked by reporters for comment, said he did not know exactly what had brought about his party's poor performance.

Analysts attributed it to a series of payoff scandals involving LDP politicians, accounting irregularities in many of the government agencies and the low voter participation--the turnout ratio was the second worst since World War II at 68.01 percent.

Political analysts said Ohira's future would be uncertain now that his party seemed hardly able to attain its "second best" target of winning 266 seats--the number needed to regain control of the all-important budget committee in the Lower House. With 482 seats out of the 511 seats declared as of 12 p.m. the LDP won 238 seats. The JSP obtained 101 seats, Komeito 45, DSP 31, JCP 34, NLC 3 and USD 2. There were 19 independents, of whom 14 were considered conservatives.

Many LDP veterans suffered humiliating defeats as results of vote counting came in from urban districts. Among them were former health and welfare minister Masami Tanaka; Takeshi Honna, ex-director general of the Prime Minister's Office; Takeo Kimura, a doyen of former premier Kakuei Tanaka's faction; former education minister Shigetami Sunada; and former justice minister Mitsuo Setoyama.

The Japan Communist Party, which strongly opposed Ohira's planned tax increases, was likely to make an impressive comeback, boosting its strength close to 38 seats or equal to the biggest number it won in the 1972 house election. The DSP seemed certain to surpass the preelection strength of 29 seats.

The final election results will be known by 4 p.m.

## Business Leaders Express Disappointment

Tokyo KYODO in English 1233 GMT 8 Oct 79 OW

[Text] Tokyo 8 Oct, KYODO--The unexpectedly poor conservative showing in Sunday's general election came as a shock and a great disappointment to the business community here Monday. The failure of the ruling Liberal Democratic Party and the conservative independents to win the targeted controlling majority in the House of Representatives will make it more difficult for the government to win House approval for various bills, business leaders here said.

They said the LDP should thus try to have more dialogue with the opposition parties to ensure smooth Diet proceedings.

These leaders attributed the LDP's comparatively poor poll results chiefly to the many cases of misappropriations by government agencies and public corporations brought to light recently, the need for tax increases initially pointed out by Prime Minister Masayoshi Ohira and aircraft purchase scandals.

They said the ruling party should take this occasion to make every effort for structural improvement.

Referring to the spectacular gains made by the Japan Communist Party (JCP), business leaders said the credit should go to the JCP's skillful campaign tactics.

Toshio Doko, president of the Federation of Economic Organizations (Keidanren), said the LDP's poll showing was "far short of our expectations." Katsuji Kawamata, board chairman of Nissan Motor, said the LDP's unexpectedly poor poll outcome presages more difficult Diet proceedings.

The business executives said they wished the new government to make further efforts for fiscal reconstruction--putting the deficit-ridden government finances on a sound basis. They also wished the new regime to secure a sufficient supply of oil and other energy sources, and save and develop oil and other energy sources. The leaders said the new government should do its best to keep business conditions in good shape.

Takeo Murakami, president of Tokyo Gas Co, said that if the government is to carry out its overall energy program successfully, it would have to secure "suprapartisan support."

Toshio Kawasaki, chairman of the Japan Spinners' Association, called on the government to see to it that effective measures are taken to prevent a new recession.

Press Comments

Tokyo KYODO in English 0045 GMT 9 Oct 79 OW

[Text] Tokyo, 9 Oct, KYODO--Major Japanese dailies said editorially Tuesday that the ruling Liberal Democratic Party must realize its grave responsibility as indicated by its serious setback in Sunday's general election.

The mass-circulation ASAHI SHIMBUN said that the voters had the alternatives of whether or not to put an end to the well-contested balance of power between the LDP and opposition parties which has lasted in the house for the past several years.

The voters clearly chose to let the ruling party continue to enjoy only the smallest majority power, it said. The wishes of the voters behind the ballots cast must have been varied, but they should all sum up to the strong demand that Prime Minister Masayoshi Ohira and his Liberal-Democratic Party review their political stance and policies, ASAHI said.

At the same time, the major daily said, the voters are strongly asking the opposition parties to hold a responsible stance in coping with political affairs at a time when their combined strength nearly equals that of the ruling party.

A victory had been predicted for the LDP before the election. The severe judgment shown by the voters for the ruling party thus appeared to be dramatic, ASAHI said. At the second thought, however, the outcome of the general election was neither dramatic nor unexpected, it said. It said that the result of the election should be interpreted to mean a sensible and healthy judgment of the people who have thought well on how their government should be based on their own daily experiences.

The MAINICHI SHIMBUN, another mass-circulation daily, said editorially that the result of the general election reflected the sense of balance of the people. From the point of view of political [words indistinct] the defeat of former defense chief Raizo Matsuno, who is suspected of receiving bribes in an American plane import deal, should be taken as a reflection of the sound judgment of the people of Kumamoto Prefecture, where he had stood for the election.

Although former prime minister Kakuei Tanaka, defendant in the current trial for the Lockheed scandal trial, was reelected and a former high government official who lost in the previous election was returned, Matsuno's defeat must have given at least a slight hope to people who were deeply disappointed by the political corruption, it said.

The other major daily YOMIURI SHIMBUN said Japan might enter an age of some sort of a coalition government if the well-contested balance of power between the ruling and opposition parties paralyzed the functioning of the administrative and legislative branches.

The opposition parties will face the necessity of increasing their own ability to govern to meet the coming of such an age, YOMIURI said. It pointed out that the government will be faced by such problems in the 1980's as the reconstruction of its financial position, securing of energy and natural material resources, cooperation with developing countries and expansion of trade.

All these problems YOMIURI said, cannot be solved without cooperation from at least some of the opposition parties.

The NIHON KEIZAI SHIMBUN, a leading economic journal, said that the general election resulted in a "major defeat of the Liberal-Democratic Party" against the general expectations prior to the polling.

There is no telling how many of the eligible voters, who are responsible for the outcome of the election, had really expected such a severe judgment against the LDP, NIHON KEIZAI said. Ohira himself must be painfully aware of that responsibility, it said.

A question, however, is that whether the Liberal Democratic [Party] has enough time to replace its president now while the government has to devote its efforts for the tabulation of the national budget for next fiscal year, NIHON KEIZAI said.

The economic journal added that the prime minister, president of the ruling party, alone should not be held responsible for the setback suffered by the party as a result of the election.

#### LDP Setback

Tokyo KYODO in English 0617 GMT 8 Oct 79 GW

[Text] Tokyo, 8 Oct, KYODO--The ruling Liberal Democratic Party of Prime Minister Masayoshi Ohira suffered a serious setback in Sunday's Lower House election but managed to remain in power, as vote-counting nearly ended early Monday afternoon.

In sharp contrast, the Japan Communist Party made an impressive comeback from the drastic loss it suffered in the previous 1976 House election.

The election results came as a shock for Prime Minister Ohira, who had sought a workable majority of 271 or more seats in the 511-seat Lower House--the number that would enable his party to control all 16 House Standing Committees. A few hours before counting was completed, the LDP was to narrowly secure the simple majority of 256 seats by counting on several conservative independents.

But Ohira conceded his party's setback while declining to make immediate comments on exactly what might have led the LDP to make such poor showing.

Without the conservative independents, the ruling party was certain to fall short of the 249 seats it managed to win in the 1976 election held in the wake of the Lockheed payoff scandal.

The unexpected setback might jolt Ohira's party leadership because his rival LDP factions are expected to step up pressure for him to resign, political analysts said.

The harsh verdict the voters gave to the ruling party no doubt showed their strong objection to Ohira's repeated statement on the need to increase tax to improve the deficit-ridden national finance.

Another major factor might have been the growing popular distrust of politics after 24 years of undisrupted LDP rule, observers said. Such distrust mounted especially following the military aircraft import scandal involving LDP politicians and the recently uncovered accounting irregularities in government offices and public corporations.

Unofficial final tabulation by KYODO News Service gave the LDP 248 seats, in the 511-seat Lower House.

The Japan Socialist Party won 107 seats, Komeito 57, the Japan Communist Party 39, the Democratic Socialist Party 35, the New Liberal Club 4, and the United Social Democratic Party 2. There were 19 independents.

The 19 independents included 10 affiliated with the LDP and 4 other conservatives.

The communists overtook the DSP as the No 3 opposition party, surpassing their past largest strength of 38 seats which they achieved in the 1972 House election.

The moderate DSP also fared well, expanding its strength beyond the 28 seats it held before the election.

The Buddhist-oriented Komeito managed to add two to its preelection strength of 55 seats.

The No 1 opposition JSP, facing an uphill fight managed to maintain the three-digit level by winning 107 seats. The party had held 117 seats before the election was called.

The New Liberal Club, a new conservative group formed by those who bolted the LDP, took heavy retreat with its strength reduced to 4 from the preelection 13 seats.

CSO: 4120

POLITICAL AND SOCIOLOGICAL

REPORTAGE ON OHIRA'S PRESS CONFERENCES BEFORE, AFTER ELECTIONS

LDP's Chances Discussed

Tokyo KYODO in English 0532 GMT 8 Oct 79 OW

[Text] Tokyo, 8 Oct, KYODO--Prime Minister Masayoshi Ohira acknowledged Monday that his ruling Liberal Democratic Party (LDP) may not be able to win a simple majority of 256 seats in Sunday's election on its own. Ohira made the remark to newsmen in his capacity as president of the government party.

"The situation is very delicate," Ohira said, adding that the LDP might not be able to secure the simple majority in the 511-member House of Representatives.

Some political observers called Ohira's remark a "statement to concede defeat" in the election.

But it appeared certain that Ohira's party would continue to hold the reins of government as none of other parties had enough seats as a single party to drive the conservatives out of power. Ohira said he could not comment on his responsibility for his party's poor performance since he is "in an important position."

Ohira said he would have to act "with prudence" in setting his future course of action as head of government and party. The prime minister said he could not judge at this moment whether his idea of seeking tax increases to redress the deficit-ridden national finances had caused the LDP's poor showing. He said LDP candidates who campaigned hard were successful, while those who had thought they could win easily were not.

### Unexpected Setbacks

Tokyo KYODO in English 1018 GMT 8 Oct 79 OW

[Text] Tokyo, 8 Oct, KYODO--Prime Minister Masayoshi Ohira said Monday "it was a severe judgment" by the people but appeared uncertain why his Liberal Democratic Party had suffered its unexpected setback in Sunday's general election. At a postelection news conference, the glum prime minister said, "I face the judgment with humbleness and will keep it in mind in dealing with political affairs from now on."

The ruling party managed to gain 248 seats in the 511-member House of Representatives though top LDP officials had been determined to secure an undisputed majority of about 270 in the first major national election since Ohira took office last December.

Asked for the reasons for the poor showing, Ohira said he should have put forward his controversial idea of adopting a controversial general excise tax more carefully during the election campaign. Ohira said he had pledged that the government would exert efforts to enable the weakening national finance to become healthy again. He said he had considered that the people understood that introduction of the tax would be the last resort to achieve that end. Ohira said he would not turn to the new tax when he works out the next national budget.

Halting now and then during the 30-minute news conference, Ohira made the remark that the LDP's unpreparedness for the election had been another reason for the party's low performance although he had dissolved the Diet at his own initiative.

The 69-year-old prime minister said he would urge all party members to maintain unity following the election setback which observers said was bound to bring on a crisis within the conservative camp.

Aware that the LDP could hardly force its way in handling matters in the Diet, Ohira said he would concentrate on negotiations with the opposition forces to reach amicable settlements. When a special Diet session will be convened remains to be negotiated, he added.

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## POLITICAL AND SOCIOLOGICAL

### TRADE UNION LEADERS DISCUSS POSTELECTION PLANS

Tokyo KYODO in English 1024 GMT 8 Oct 79 OW

[Text] Tokyo, 8 Oct, KYODO--The outcome of Sunday's general election is expected to give impetus to a move to unite the nation's Labor Front under the initiative of private sector unions.

At the same time, unification of the Labor Front and subsequent reorganization in the political world is likely to bring electoral cooperation among opposition parties in next year's House of Councillors election.

Seiji Amaike, president of the Japanese Confederation of Labor (DOMEI) affiliated with the Democratic Socialist Party, said it would require reorganization of political circles for the anti-communist opposition camp to take power in place of the ruling Liberal Democratic Party. This means DOMEI will seek to unite private labor unions to pave the way for a reorganization of politics.

Judging from the election, in which the middle-of-the-road parties and the Japan Communist Party gained strength, Amaike said preparations for uniting private labor unions could come earlier than expected.

Meanwhile, the General Council of Trade Unions of Japan (SOHYO), top supporter of the Japan Socialist Party which suffered a setback in the election, intends to new to the soft-line policy decided at the SOHYO convention last July. [as received]

SOHYO Secretary General Mitsuo Tomizuka plans to promote cooperation between SOHYO and the Komeito Party while working on the JSP to do so for next year's Upper House election.

However, the matter is expected to arouse controversy within SOHYO again over SOHYO's exclusive support of the JSP. DOMEI also intends to seek electoral cooperation among centrist parties in next year's Upper House election.

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POLITICAL AND SOCIOLOGICAL

BRIEFS

SOVIET BUILDUP IN NORTH--Soka, Saitama Pref., Oct 4 KYODO--Prime Minister Masayoshi Ohira said in Soka Thursday he was deeply concerned over a Soviet military buildup on three Japanese northern islands occupied by the Soviet Union. Meeting foreign correspondents during a stumping tour for Sunday's general election, Ohira said his country wishes to promote friendly relations with the Soviet Union. He said he believes the Soviet Union, too, wants better ties with Japan. In that case, the Soviet Union should show this with deeds, Ohira said. [Text] [Tokyo KYODO in English 1143 GMT 4 Oct 79 OW]

INDOCHINA REFUGEES--Tokyo Oct 12 KYODO--The number of Indochina refugees permitted by the government to settle in Japan totaled 78 in 25 family groups, 63 of whom in 20 families had already settled in this country as of the end of September, the Foreign Ministry said Thursday. The 78 permitted to settle in Japan represent an increase of 75 from last April, when there were only three refugees admitted for settlement. It is, however, still far below the 500 refugees the government has agreed to resettle. [Text] [Tokyo KYODO in English 0005 GMT 12 Oct 79 OW]

CSO: 4120

MILITARY

LICENSING CONTRACTS ON AEROSPACE PRODUCTION (PART 2)

Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 pp 5-8

[Text]

Further to the data on licensing contracts between Japanese and foreign manufacturers concerning local production of F-15 and P-3C parts and components carried in the previous issue of JPE report, MITI has now released data on other major aircraft and aerospace equipment contracted for the past year. A complete translation follows:

LICENSOR	LICENSEE	TECHNOLOGY	DATE OF CONTRACT
General Electric Co.	Japan Aviation Electronic Co.	Elements on digital fly-by-wire systems	June 1, 79
McDonnell Douglas Corp.	Mitsubishi Corp.	Development of safety program for N-2 rocket	June 27, 79
Aerojet General Corp.	Ishikawajima-Harima Heavy Industries Co.	Facilities for ground tests for solid rocket motors, and second stage propellants for N-2 rocket	June 29, 79
The Boeing Co.	Civil Transport Development Corp.	Computer programming for civil aircraft development	July 11, 79
Walter Kidde & Co.	Tokyo Keiki Co.	Walter Kidde's fire protection systems	June 18, 79

LICENSOR	LICENSEE	TECHNOLOGY	DATE OF CONTRACT
Nuclear Services Int'l Corp.	Mitsui Shipbuilding & Engineering Co.	Analysis programming for piping work	July 26, 79
Northrop Corp.	Furuno Electric Co.	Omega receivers	July 21, 79
American Safety Flight Systems Inc.	Daicel Ltd.	Automatic releasing devices of emergency aircraft evacuation systems	May 30, 79
The Boeing Co.	Civil Transport Development Corp.	Computer programming for civil aircraft development	Aug. 29, 79
Johns-Manville Corp.	Yokohama Rubber Co.	Heat shields for F-4 and F-86 aircraft	Aug. 31, 79
Datron Systems Inc.	Sumitomo Precision Co.	Electro-mechanical actuators for F-104 flaps	Mar. 15, 79
Texas Instruments Inc.	Mitsubishi Electric Corp.	MAD systems for HSS-2Bs	Mar. 31, 79
Teledyne Industries Inc.	"	Doppler navigation systems for HSS-2Bs	Apr. 15, 79
Products Research & Chemical Corp.	Yokohama Rubber Co.	Anticorrosive coating and sealing material	July 1, 79
Abex Corp.	Denison Hydraulics Japan Ltd.	Hydraulic equipment for aircraft use	June 1, 79

LICENSOR	LICENSEE	TECHNOLOGY	DATE OF CONTRACT
Johns-Manville Corp.	Yokohama Rubber Co.	Heat shields for aircraft use	June 1, 79
United Technologies Corp.	Hokushin Electric Co.	Rate gyros	Nov. 12, 78
Lockheed Corp.	Fuji Heavy Industries Ltd.	Computer software	Dec. 22, 78
Honeywell Inc.	Japan Aviation Electronic Co.	HDC-301	Dec. 15, 78
Télécommunications Radioélectriques et Téléphoniques (TRT), France	Japan Radio Co.	AHV-8 radio altimeters	Dec. 22, 78
United Technologies Corp.	Japan Air Lines	Software on AIDS data processing	Dec. 22, 78
Hydraulic Research Div. of Textron	Teijin Seiki Co.	HU-1 helicopter parts	Sept. 22, 78
Industrial Tectonics Inc.	Koyo Seiko Co.	Precision bearings for engines	June 6, 79

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**MILITARY**

**JDA TO SELECT NEW SAM**

**Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 p 8**

**[Text]**

The Japanese Defense Agency (JDA) will send a mission to Europe and the United States possibly in FY 1980 to select a new surface-to-air missile (SAM) as a successor to the currently-deployed Nike missiles.

Field grade officers of the Ground and Air Self-Defense forces have visited the areas since early September to collect data about development, performance and prices.

The planned mission will conduct detailed surveys based on data now being collected.

Japan deployed six Nike groups comprising 220 units before FY 1978. Since they will become obsolete in 10 years, the agency has begun studying successor types.

Although it plans to deploy the new missile early in FY 1985, both production under foreign license and domestic development are under consideration.

The majority of SDF officials favor local development in view of the past success in domestic production of Nike and Hawk missiles. However, internal bureaus of JDA complain domestic development would cost too much and are insisting on licensed production.

A final decision will be made on the basis of the FY 1980 survey.

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**MILITARY**

**F-15DJ FIGHTER TRAINER MAY BE LOCALLY PRODUCED**

Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 pp 8, 9

[Text]

The ASDF may have to obtain F-15DJ fighter trainers through local production as well as F-15J fighters depending upon the outcome of the USAF procurement plans for FY 1981. The ASDF is promoting its F-15 program for 100 aircraft including twelve F-15DJ trainers which are scheduled to be imported through the FMS (foreign military sales) contracts.

In the FY '80 defense budget, the ASDF is requesting ¥292,890 million for the second F-15 order which includes thirty F-15 fighters for local production and four F-15DJ trainers that would be imported. Six F-15DJs were ordered through the first contract concluded in FY '78. A further two F-15DJs are scheduled to be ordered in FY '82.

If import of the F-15DJ trainer becomes impossible due to changes in the USAF F-15 program, the ASDF will be forced to obtain six aircraft from local sources. Since there is 95 percent commonality between the F-15 fighter and the F-15DJ trainer, there will be no problem in producing the fighter trainer except that unit costs will be higher than imports.

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MILITARY

BRIEFS

GASTURBINE GENERATOR PROCUREMENT--For possible adoption for service, the GSDR plans to procure two sets each of two types of gasturbine generators in FY '80 for evaluation. Intended as a power source for radar such as the tracking type of the Hawk SAM system, the Model 76 artillery-locating system, and various antiaircraft systems, the GSDR will select sample units out of those in foreign service including the generator for the radar system used by the U.S. Army for the SAM-D Patriot. Gasturbine generators in local production and civil use do not meet GSDR requirements, sources say. [Text] [Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 p 9]

START OF SES STUDIES IN 1981--In response to a request from the MSDF, the TR&DI, JDA, plans to start basic studies on SES (surface effect ship) in or around FY '81. Although the TR&DI study is projected for a "highspeed boat," major efforts are expected to be placed on the SES which is universally recognized as the most promising highspeed military boat of the future. Planned use of the SES-type boat by the MSDF includes a highspeed boat for coastal defense and an antisubmarine type equipped with towed array sonar system (TASS) which will operate with antisubmarine helicopters. [Text] [Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 p 9]

CSO: 4120

ECONOMIC

'KYODO' DISCUSSES NATION'S FINANCIAL WOES, POSSIBLE SOLUTIONS

Problems Facing Nation

Tokyo KYODO in English 0359 GMT 9 Oct 79 OW

[Text] Tokyo 9 Oct KYODO--The ruling Liberal-Democratic Party's (LDP) unexpectedly poor showing in Sunday's general election has made a planned across-the-board tax increase practically impossible, posing a threat to what the government considers its most important medium-term job of restoring health in its deficit-ridden finances.

With the LDP narrowly maintaining a simple majority in the 511-seat Lower House by enlisting conservative independent winners, Prime Minister Masayoshi Ohira's government will face much more difficulty than before in getting mandates and legislation necessary for economic management. The first test will be compilation of the budget for fiscal 1980, beginning April 1. The Finance Ministry plans to make the budget a stepping stone for terminating flotation of deficit-covering bonds, on which the fiscal 1979 budget depends for nearly 40 percent of total revenue, over a period of five years to fiscal 1984.

In the coming fiscal year, the Ministry hopes to reduce bond flotation by some yen 2 trillion (dollar 9 billion) from yen 15.3 trillion (dollar 68 billion) planned for fiscal 1979. The revenue shortage caused by reduced bond issue was to be covered by a drastic spending cut and an across-the-board tax increase.

The Ministry is determined to limit the growth of the fiscal 1980 budget to a single-digit rate, but the tax increase stands little chance of being carried out as originally planned because of the sharply increased influence of the opposition camp in the Diet. The Ministry's tax increase plan included the introduction of a controversial general excise tax--the Japanese version of value-added tax in Europe--but the prospect of the new tax being imposed in fiscal 1980 has faded, with Prime Minister Ohira himself showing a negative attitude in election campaigns toward its early imposition.

The Ministry is looking for an alternative to the new tax and among prospective choices are selective--and limited--hikes in income and corporate taxes and miscellaneous taxes such as stamp duties.

But all these will fall far short of covering revenue expected from the new tax and the Ministry may have to revise the financial reconstruction program into one calling for a slower cut in bond flotation and, possibly, a delayed goal of its termination.

#### Corporation Tax Hike Considered

Tokyo KYODO in English 0408 GMT 9 Oct 79 OW

[Text] Tokyo 9 Oct KYODO--Finance Minister Ippei Kaneko said Tuesday that he would consider raising corporation taxes as a measure to put back the public finances on a sound basis.

Kaneko told a press conference after the day's regular cabinet meeting that in compiling the fiscal 1980 budget, he would review the existing preferential tax treatment accorded to enterprises in a more strict manner than ever. He said he would also study the advisability of increasing corporation taxes "somewhat."

This is the first time that the finance minister has ever referred to the necessity to increase corporation taxes as a measure to put back the public finances on a sound basis. Observers said Kaneko is believed to have decided heavier tax burdens on corporate firms are the best measure to curtail the current huge fiscal deficit in the wake of the ruling Liberal Democratic Party's surprise setback in Sunday's general election. In the election to choose new members of the 511-seat House of Representatives, the ruling party obtained only 248 seats, eight seats short of the absolute majority of 256.

This completely dashed the government hope to introduce the general consumption tax, the Japanese version of the European value-added tax (VAT), as the most important measures to curtail the fiscal deficit.

Referring to the overall economic policy to be pursued by the government after the formation of a new cabinet, Kaneko said the global economic prospect is dark with the United States suffering a marked slowdown in its business activities. The international oil supply outlook also remains uncertain, he added. He said the government would continue to steer the national economy in a practical manner.

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**REDUCTION IN BUSINESS TAX CREDITS UNDER CONSIDERATION**

Tokyo KYODO in English 0815 GMT 9 Oct 79 GW

[Text] Tokyo 9 Oct KYODO—With next year's introduction of a controversial general excise tax abandoned in effect as a result of the ruling Liberal Democratic Party's (LDP) election setback, the Finance Ministry is considering scrapping or consolidating a number of business tax credits in their first across-the-board review in four years, Ministry sources said Tuesday.

The move is based on the instruction of Finance Minister Ippei Kaneko, who said earlier Tuesday he would review the existing tax benefits for businesses as well as consider a corporate tax increase in compiling the fiscal 1980 budget.

Prime Minister Masayoshi Ohira also indicated during election campaigns that heavier taxation on companies would be discussed to the extent that it would not hurt their international competitiveness and employment. Reduction in the preferential tax treatment for businesses, charged by many individual taxpayers as an example of unfair taxation, would also open the way for seeking increased tax burdens on the public, possibly including an income tax hike, the sources said.

There are 82 different preferential corporate tax schemes at present. Their total abolition would yield a revenue increase of about yen 230 billion (dollar 1 billion) on a fiscal 1979 basis, the sources estimated.

In fiscal 1976, 59 out of 98 business tax credits were either scrapped or consolidated. A total of 27 were abolished in fiscal 1976-79 but 11 were newly instituted during the period, resulting in a net cut of 16. Coupled with heavier taxation under other preferential systems, this entailed a combined revenue increase of yen 369 billion (dollar 1.6 billion).

Tax credits to be reviewed are expected to be singled out next month but they will probably include a system of reserve funds for unusual risks, adopted by nonlife insurance companies, and reserves against drought for electric power firms, the sources said. Rates of special funds that can be set aside as tax-free reserves against such risks as price fluctuations and overseas investment losses are also likely to be cut further next year following similar reduction in fiscal 1979, they added.

**TRANSPORT MINISTER REVEALS RAIL CORPORATION FRAUD**

Tokyo KYODO in English 0704 GMT 11 Oct 79 GW

[Text] Tokyo 11 Oct KYODO—Employees of the governmental Japan Railway Construction Corporation (Tekkenkodan) raised shady funds for themselves amounting to at least yen 4 billion in the past 15 years in what was probably a collective scheme to falsify accounts by inventing fictitious business trips, the Diet was told Thursday. This was revealed by Transport Minister Kinji Moriyama and top board of audit officials at a House of the Councillors transport committee meeting.

Moriyama told the committee with his head bowed in apology that he deplored such falsifying in the public corporation regardless of the reasons for its questionable manipulation of the official budget.

According to Moriyama, the board of audit has so far confirmed in its complete investigation that the corporation built up dubious funds amounting to yen 390 million in 15 months since April last year. Moriyama promised that the government would take steps to refund such funds and discipline the top corporation officials after the investigation is completed.

Five ranking officials of the corporation including its president Hiromori Kawashima, earlier told Moriyama they were prepared to resign.

Moriyama also revealed his "personal view" that the standard of special allowances at the corporation is unusually high and should be lowered to the level of that for general public workers.

An investigative report was then explained by Mitsuijiro Ono, director of the board's fifth department, at the request of socialist Koichi Hirota. Ono said that the corporation's head office and its five major branches across the country had raised yen 187,000,000 in shady funds plus yen 85,900,000 for purported miscellaneous expenses by falsifying accounts in fiscal 1978. He added that some of the sundry items were for unknown purposes, saying an investigation is difficult due to missing documents.

Hirota said he suspected that part of the money had been used to entertain top bureaucrats of the transport and finance ministries.

Ono admitted that the money spent at expensive restaurants was not specified in the corporation's accounts and said that there was no way of knowing "who stood treat for whom."

Kawashima strongly denied that the accounts falsification was plotted by top corporation officials.

The auditor said he suspected the financial manipulation was carried out collectively at the instigation of the top officials.

CSO: 4120

ECONOMIC

BRIEFS

CREDIT TO THAILAND--Tokyo, 5 Oct--The Export-Import Bank of Japan said Friday it had signed a contract to advance buyer's credits totaling dollar 155 million to Thailand's state-run oil corporation, PTT. The bank said the credits would be appropriated for the purchase from Japan of equipment required for development of undersea natural gas planned by PTT in the Gulf of Siam. Thailand is promoting energy source development projects to reduce its dependence on foreign oil and other natural energy sources. The Siam Gulf natural gas project is expected to help the country reduce an outflow of its foreign currencies, the bank added. [Text] [Tokyo KYODO in English 0209 GMT 5 Oct 79 OW]

OIL EXPLORATION WITH ROK--Tokyo, 9 Oct, KYODO--Japan and South Korea are expected to start geophysical exploration for oil along the continental shelf between the two countries late this month, industry sources said Tuesday. Government officials of the two countries are scheduled to meet in Seoul next week to sign agreements on the start of the long-pending joint oil development project, the sources said. The start of exploration, the results of which are expected to lead to test drilling in the near future, also indicates that Japanese concessionaires and fisheries cooperatives appear near agreement over compensation for losses due to the project, they said. The coming exploration will cover two of the nine prospective undersea mining areas, the sources said. Both concessions are held by Nippon Oil Exploration Co, a subsidiary of Nippon Oil Co, this country's largest oil enterprise, they added. [Text] [Tokyo KYODO in English 0304 GMT 9 Oct 79 OW]

LOANS TO KENYA--Tokyo, Oct 2--Japan will extend to Kenya up to yen 7,878 million in loans, according to officials notes exchanged Tuesday in Nairobi, the capital of the nation, the Foreign Ministry said Tuesday. Japanese Foreign Minister Sunao Sonoda said he would extend the loan during his visit to Kenya in July. The untied loan will be used to purchase a telephone exchange, cables and other equipment. Kenya is to repay the loan with interest of 3 percent per annum in 30 years including a grace period of 10 years. This is the sixth loan from Japan to Kenya since the first yen loan in 1966. The aggregate amount of the loans is yen 22,991 million. [Tokyo KYODO in English 0923 GMT 2 Oct 79 OW]

**SHIPBUILDING UPTURN**--Tokyo 2 Oct--Construction of new ships is now running more than twice that of a year ago, providing evidence to early projections that Japanese shipyards are finally pulling themselves out of the global shipbuilding crisis. The Transport Ministry said Tuesday it has approved construction of 160 new ships in the first half of fiscal 1979, which began April 1. The permits totaled 3,360,000 tons gross, 2.3 times the level of the same period of fiscal 1978. Most orders for the new ships came from shipowners overseas, reversing the downturn in foreign orders continuing over the past several years. Ministry officials forecast the total of all of fiscal 1979 would recover the 5-million-ton-gross level for the first time in three years. [Tokyo KYODO in English 1240 GMT 2 Oct 79 OW]

**NORTH YEMEN PLANT**--Tokyo 1 Oct--Ishikawajima-Harima Heavy Industries Co and Nissho-Iwai Co announced Monday that they have jointly received a yen 25 billion (dollar 113.7 million) order to build an integrated cement plant in the Yemen Arab Republic (North Yemen). The order calls on the Japanese companies to design, manufacture and build the plant with an annual producing capacity of 500,000 tons in the first half of 1982. Trial operations of the plant, to be located at Amran, 40 kilometers north of Sanaa, and training of workers will also be undertaken by the companies. The firms underbid rival cement plant makers in Japan, France, West Germany, Italy and the United States at an international tender called by the Yemeni Government in October 1977. The cement plant project is one of the most important projects being promoted under Yemen's current five-year plan, which begins in July 1976. [Text] [Tokyo KYODO in English 0614 GMT 1 Oct 79 OW]

**PUBLIC WORKS PROJECTS**--Tokyo, 12 Oct--In an attempt to avoid fanning inflation and risking an economic slowdown, the cabinet decided Friday to execute public works projects at a moderate pace in the October-December period, the third quarter of fiscal 1979. The pace of public works spending in the fiscal year's fourth quarter will be determined toward the end of December on the basis of price and economic trends, officials said. The government previously set the tempo of public works spending on a semiannual basis. It has switched to the quarterly pace to insure control of inflation and economic expansion more precisely. [Text] [Tokyo KYODO in English 0236 GMT 12 Oct 79 OW]

**LOANS TO SFRY**--Tokyo 26 Sep--Seven Japanese banks led by Mitsui have signed agreements to advance dollar 35 million in syndicate loans to Yugoslavia for construction of hydraulic power plant, Mitsui officials said Wednesday. The officials said the agreements had been signed in New York. The loans were repayable in 12 years with a grace period of the first six years, they said. The agreements call for an interest of 0.875 percent more than that required for Eurodollars, they added. [Text] [Tokyo KYODO in English 0305 GMT 26 Sep 79 OW]

**STEELMAKERS' PRC TOUR**--Tokyo 17 Sep, KYODO--Seven major Japanese steelmakers will send their senior executives to China late next month for a three-week tour of Chinese heavy industrial plants and steel mills in Shanghai, Anshan and other industrial cities, the Japan Iron and Steel Federation announced Monday. The 18-member group, to be headed by Nippon Steel Corp, managing director Nobut Fukuda, will leave here for Beijing on October 25. The Japanese executives will hold a series of meetings with Chinese officials to offer advice on the modernization of Chinese heavy industries. They will visit Shanghai, Anshan, Wuchang and other centers to inspect automobile, shipbuilding and heavy machinery production. They are scheduled to return home on Nov 11. The announcement said the steelmakers involved are Sumitomo Metal Industries, Ltd, Kawasaki Steel Corp, Nippon Kakan Kabushiki Kaisha, Kobe Steel, Ltd, Nisshin Steel Co, Daido Steel Co, and Nippon Steel Corp. [Tokyo KYODO in English 1146 GMT 17 Sep 79 OW]

**BUSINESS INVESTMENT UPTREND**--Tokyo 11 Oct--The uptrend in business fixed investment is expected to continue for the rest of the current fiscal year, reflecting strong business confidence, according to a commercial bank projection. Joining other commercial banks, the Industrial Bank of Japan predicted that Japanese industry as a whole will spend yen 10,068 billion on new plants and equipment in the year, ending next March, up 12.4 percent over the previous year. The projection is based on inquiries to 1,640 companies doing business with the bank, of the total, yen 171 billion is estimated to go for research and development programs, up 20.7 percent, the largest-ever nominal gain. [Tokyo KYODO in English 0241 GMT 11 Oct 79 OW]

**INDIAN TRADE FAIR**--Tokyo, 9 Oct--India opened Tuesday its first single trade fair in Japan in a bid for a larger slice of the Japanese market. Speakers at the opening ceremony included Indian Ambassador Avtar Singh and Hisashi Murata, president of the semiofficial Japan External Trade Organization (JETRO). The fair, lasting until December 1, is being sponsored by the Trade Development Authority of India (TDA) and JETRO. It is supported by the Commonwealth Secretariat, the Indian Embassy and the Japanese ministries of International Trade and Industries and Foreign Affairs. On show at JETRO's exhibition hall at the World Import Mart Building in Ikeburo, Tokyo, are about 1,000 items in eight groups that will change on a weekly basis. Japan has been India's second largest trading partner after the United States, and India has always enjoyed a trade surplus with Japan. In 1978, India exported to Japan \$793 million and imported \$730 million. In the first half of 1979, it sold to Japan \$584 million and bought \$387 million. [Tokyo KYODO in English 0651 GMT 9 Oct 79 OW]

**U.S. TARIFF INCREASE**--Tokyo 13 Oct KYODO--Japanese truck manufacturers expressed concern Saturday over a reported U.S. Treasury Department move to drastically raise the import tariff rate on truck chassis. Commenting on reports from Washington that the Treasury Department has decided to

hold a public hearing to study the advisability of its plan to subject truck chassis to a 25 percent import tariff, instead of the present 4 percent, the manufacturers said that if this is realized, it will deal a heavy blow on them. If the tariff increase is carried out, they said, they cannot but raise retail prices of their trucks in the United States and this will inevitably lead to decreased truck sales in that country. The Japanese truck manufacturers are currently exporting their trucks to the United States in the form of chassis, taking advantage of the fact that under the present U.S. tariff laws, chassis are regarded as automobile parts, which are subject to an import tariff of only 4 percent whereas the tariff rate on completed trucks is 25 percent. The U.S. Treasury Department has so far been refraining from treating chassis as completed motor vehicles from the standpoint of promoting freer international trade. But, the manufacturers said, the department now appears to be inclined to apply the 25 percent tariff also to truck chassis in view of growing demands in U.S. Congress that the chassis also be subjected to the high tariff. [Text] [Tokyo KYODO in English 0344 GMT 13 Oct 79 OW]

**MONEY SUPPLY SLOWDOWN**--Tokyo 13 Oct KYODO--The nation's money supply, an indicator of inflation, appears almost certain to have slowed down to an annual growth rate of less than 12 percent in the July-September quarter due to credit tightening, according to the Bank of Japan. The central bank said this would mark the first 12-month expansion of less than 12 percent in a year of cash in circulation and deposits, known as M2. The slowdown in the growth of the money supply was attributable to the discount rate hike in July and measures to reduce new loans by commercial banks taken by the Bank of Japan, officials said. The central bank expects money supply growth to slow down further in the October-December period. [Text] [Tokyo KYODO in English 0108 GMT 13 Oct 79 OW]

**BRAZILIAN SWITCHBOARDS**--Tokyo 5 Oct--Nippon Electric Co (NEC) has announced that it will set up a company in Rio de Janeiro soon under a joint venture with a Brazilian interest to produce electronic switchboards. The joint venture, Companhia Electronica Nacional, will be 49 percent owned by NEC and 51 percent by Docas de Santos. It will produce electric IC switchboards accommodating 50,000 circuits in the initial year, doubling output three years later, with Brazil stepping up expansion and modernization of its telecommunication network, demand for switchboards is expected to grow fast, reaching more than 300,000 circuits several years later, officials said. [Text] [Tokyo KYODO in English 0334 GMT 5 Oct 79 OW]

**BANK OF JAPAN GOVERNOR**-- Belgrade, 4 Oct--Teiichiro Morinaga, governor of the Bank of Japan, said in Belgrade Thursday he will resign from his post in December when his five-year term expires. Morinaga, now visiting the Yugoslav capital to attend the International Monetary Fund and World Bank meeting, made his intention clear to Japanese newsmen. [Text] [Tokyo KYODO in English 1145 GMT 4 Oct 79 OW]

NAPHTHA PRICE HIKE--Tokyo 5 Oct--Japan's petroleum refiners and petroleum manufacturers have concluded their three month-long negotiations setting a new price level for domestically-produced naphtha following the July 1 crude price hike by the organization of petroleum exporting countries (OPEC). The new price of naphtha, charged by refiners for shipment to users, was set at yen 34,500 per kiloliter for July shipment, yen 35,000 for August and yen 40,300 for September. The surge in the naphtha price beyond the yen 40,000-per-kiloliter mark came only three months after it climbed past the yen 30,000 mark in June. The negotiations had been under way between refiners led by Kyodo Oil Co and three petrochemical manufacturers--Mitsubishi Petrochemical, Sumitomo Chemical and Mitsubishi Chemical Industries. [Text] [Tokyo KYODO in English 0057 GMT 5 Oct 79 OW]

SEPTEMBER IMPORTS DOWN--Tokyo 12 Oct KYODO--Licensed imports, an official indicator of import trends a few months ahead, remained brisk in September although they sagged from the year's high recorded in July and August, the government announced Monday. The Ministry of International Trade and Industry (MITI) said licensed imports in the month totaled dollar 9,893 million, down 14.3 percent from August but 32.5 percent up over the same month a year ago. Imports in September 1978 included dollar 379.5 million in special imports--purchases of large aircraft and nuclear materials. When this special factor was excluded, imports in September 1979 were up by 39.6 percent from a year before. The Ministry noted a slowdown in the percentage increase in September's imports from a year earlier, compared with that of July and August. [Excerpt] [Tokyo KYODO in English 0804 GMT 12 Oct 79 OW]

CSO: 4120

## SCIENCE AND TECHNOLOGY

### NATIONAL SYSTEM FOR R&D, TECHNICAL SUPPORT OUTLINED

Paris LE PROGRES TECHNIQUE in French No 13, 1979 pp 24-26

Article by Philippe Collier, associate chief editor of the REVUE DE L'ENTREPRISE: "How Japan Digest Its Technology: The Determinative Role of the Technical Centers." The article makes use of extensive extracts from a note of the Scientific Services of the French Embassy in Tokyo. The note was published in full in LE PROGRES SCIENTIFIQUE No 197/

Text The extraordinary technological explosion of Japan does not cease to arouse astonishment and surprise, but also uneasiness.

Here is a country which, in a few decades, has shown with brilliant success that a rapid transfer of technology, well conducted and well assimilated, is not synonymous with dependence and servitude but, on the contrary, with aggressiveness.

A lesson that many countries on the road to industrialization, and perhaps even some industrialized countries, would also like to learn...

Under what conditions were these transfers of technology produced? What were the structures or supports for putting Japan on the technological level? These questions are all the more important if it is considered that Japan has a large number of small firms and that one of France's major concerns at present is precisely to revitalize its industrial fabric, a majority of which is made up of small and medium-sized industries. Since the beginning of its industrialization, Japan has developed a network of research centers and test stations, one of whose main characteristics is their strong regional representation and activity directed mainly toward small and medium-sized firms. Although these centers in Japan do not benefit from a specific legal statute, they can be considered at present as industrial technical centers, i.e., as centers of collective activity intended to foster progress and the diffusion of technical know-how through a combination of R&D Research and Development, assistance to firms in the shape of tests, counsel, training and technical information.

If we limit ourselves to the area of the manufacturing industries, not less than 210 centers of this type could be counted in 1976. They represented a total workforce of more than 10,000 persons and disposed of a budget in the neighborhood of a billion francs.

These centers can be classified in three categories:

**Governmental Centers:** These, numbering 18, in general specialize according to technologies. They belong to ministries and are financed exclusively with public funds. They are engaged primarily in long-term research on programs of general interest and topics chosen by the administration.

**Local Centers:** Numbering 187, these are often multipurpose and are directly under local governmental bodies (towns or prefectures). They are about 90 percent financed by them. Direct assistance to small and medium-sized firms is their main activity.

**Semi-Public Centers:** More recent, few in number and unequally developed, these specialize according to professions. They provide important services for firms in their professional area. They are financed more than 50 percent with public funds.

#### In the Service of the General Public

The governmental centers are the oldest. When they were formed, the ministries over them considered them as a favored means of assuring the importation and orderly diffusion of foreign technologies, as well as their adaptation to local conditions. At present, the basic mission of these centers is to conduct R&D work with multidisciplinary teams, with the aim of developing and then diffusing new technologies, while taking social aspects and the long-term public interest into consideration: pollution prevention, savings in energy and raw materials, new sources of energy, metrology, robotization, materials, space, oceans, etc. Direct technical assistance to firms is very little developed and is directed in general to big companies or companies at a high technological level.

In this regard, the governmental centers constitute an essential complement to the private sector, in exploring aspects where firms must limit their commitments in view of the uncertainties of research or the lack of commercial outlets (research on working conditions, for example).

In 1976, the governmental centers disposed of a budget of 29,766 million yen (476.2 MF /million francs)\* and employed 4,115 persons. A certain degree of its surroundings, except for the seven regional centers of MITI (Ministry of Technology and Industrial Applications). This concentration of competence has increased still more recently, because 10 of the 18 technical centers have just been regrouped, totally or in part, in the new town of Tsukuba.

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\*Average rates of conversion: 100 yen for 1.60 francs in 1976 and for 2 francs in 1978.

As to diffusion of results and utilization of the research, besides the standard mean-technical publications and conferences—it should be stated that the governmental technical centers hold a relatively large number of patents. For instance, the 15 centers dependent on MITI hold about 2,500 Japanese and 450 foreign patents. More than 400 were used in 1976 for an annual revenue of 368 million yen (5.9 MF).

### Assistance to the Local Economy

Contrary to the former, the local centers are entirely at the service of firms and in particular the small and medium-sized industries. They are answerable directly and only to the 47 prefectures or towns which administer them. Among the 600 local centers, 187 can be called industrial technical centers. The latter had a budget of about 31 billion yen (496 MF) in 1976. The 6,115 persons whom they employ (75 percent of the budget) are civil servants answerable to these local authorities. Each prefecture, with an average area approximately equal to that of a French department, has 1 to 10 technical centers (an average of 4), each employing 2 to 260 persons (33 on average). These centers are specialized in one type of industry or are multipurpose. There is at least one multipurpose center in each prefecture, without exception.

In a general way one cannot but be struck by the extraordinary density of these centers, for which Table 1 gives the distribution by area of activity with the corresponding personnel.

Table 1. Distribution of Local Centers  
by Area of Activity and Corresponding Personnel

Area of Activity	Number of Centers	Per-Cent	Personnel	Per-Cent
General (CTIG) <sup>1</sup>	63	33.7	3,115	50.9
Textile	28	15.0	958	15.7
Industrial arts <sup>2</sup>	23	12.3	305	5.0
Brewery and food industries	22	11.8	534	8.7
Ceramics	15	8.0	326	5.3
Machinery and metallurgy	13	7.0	293	4.8
Wood	11	5.9	408	6.7
Paper	7	3.7	102	1.7
Miscellaneous	5	2.7	74	1.2
<b>Total</b>	<b>187</b>	<b>100.0</b>	<b>6,115</b>	<b>100.0</b>

1. General Industrial Technical Center

2. By "industrial arts" is meant the design and working of wood, bamboo, leather and plastics, lacquer, painting and the traditional arts.

The creation of these centers dates back to the period of Japan's industrialization: 38 percent of the multipurpose centers were created before 1925, 59 percent before 1945 and 76 percent before 1960. Their initial mission was to carry out qualification and acceptance tests on imported products and to assist industries in adapting foreign technologies to local conditions. At present, the centers' mission is to bring direct technical assistance to the small and medium-sized local firms\* coming under their area of responsibility, by lending their services: tests represent about 40 to 50 percent of the work time of the personnel, R&D 30 percent, technical advice and assistance to firms 15-20 percent and training and information activities 5 to 10 percent.

More than 90 percent of the tests are carried out by the center's personnel; however, in 70 centers there are test rooms open to personnel of the firms on a self-service basis. Put in terms of the number of persons employed in the local centers, each person carries out some 250 to 450 tests a year and delivers 50 to 80 reports.

The tests and the loans of materials are invoiced on generally advantageous terms and at appreciably less than their actual costs. Thus, the average costs of an individual test is about 12 francs and that of a report is 110 francs.

The centers furnish a large number of recommendations at the request of the firms: on the order of 1,000 a year for the small centers (30 to 40 persons) and up to 30,000 a year for the Tokyo center (256 persons). These range from a simple telephone call to a limited investigation. This advice is not invoiced directly, but the necessary tests may be. Moreover, to strengthen their contact with the field, the centers undertake systematic visits to factories by profession and/or every quarter.

Research activities are practically all of general character. Their main object is to raise the technological level of the teams with the aim of better responding to the technical problems posed by the industry or improving the effectiveness of the test methods. Only a few studies have the development of a new process as a direct object. Thus, the patent rights of the centers do not seem to be extensive. For example, the scientific instruments center at Saitama (34 persons) holds ten Japanese patents registered between 1972 and 1977. Thus, for the small and medium-sized firms the centers appear to be primarily sources of innovation for the adaptation of known technology to their specific problems. Through "cross-fertilization," i.e., internal transfers of technology among areas, the local technical centers transmit know-how acquired more and more by the large Japanese firms and the research establishments.

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\*Firms of less than 300 persons. In 1976, among manufacturing industries, Japan counted 100,787 small and medium-sized firms, as compared with 3,734 large firms. The small and medium-sized firms had 4,057,895 employees and the large firms had 4,837,203. Turnovers were 825 billion francs and 1,727 billion francs, respectively.

Among other activities of these centers we can cite training and the diffusion of technical knowledge. An ambitious network of technical information for the small and medium-sized firms, based on the local centers, is taking shape at present.

One should not, however, conclude that the operation of these centers is entirely satisfactory; the chief obstacles at present are the absence of mobility of the personnel, the lack of financial resources in the local centers, as a result of their considerable regionalization, and the separation existing in general between industry, universities and the centers. The recent creation of some semi-public centers satisfying the needs of certain professional branches more directly is an attempt to correct these problems, at least in part.

#### Activation of the Professional Branches

In 1976, there were 244 research establishments with semi-public or private status in Japan, in addition to the R&D centers of private companies and institutes connected with public or private universities. These establishments employed 12,500 persons for a budget of 330 billion yen (3,680 MF), financed to the extent of about 70 percent from public funds. The most important establishments cover large areas of national interest such as production and distribution of energy, transportation, construction and health. In fact, taking account of their great diversity, their status and their operation, it is hard to identify them with traditional technical centers. Thus, some entirely private centers can be included in this category, for example, the Automobile Technical Center, the Leather Laboratory and the Brewery Institute.

The five centers retained (see Table II) have enjoyed a budget slightly over 44 MF for a total workforce of 262 persons. Direct and indirect subsidies vary from 50 to 90 percent. Tests and studies under contract with industry rarely exceed 30 percent of the budget. Voluntary contributions from industry are always less than 10 percent.

R&D activities represent in general 30 to 50 percent of the time spent by technical personnel. In the majority of centers, research is limited voluntarily to a restricted number of technologies utilized by the professions. Tests performed on request are an activity of similar scope to that of research. Documentation and information activities are highly developed. Prospective studies or investigations on the development of new technologies are regularly carried out abroad as well as in Japan. Thus, among the eight investigations carried out in 1977 by the Technical Center for the Furthering of the Mechanical Industry (CTSPIM), one can cite a study on the interfacing of man and machine (in the United States), an investigation on research in progress in the area of noise and vibration reduction (in the United States and Europe) and a study on the applications of laser mea

Table II. Budget and Personnel of the  
Semi-Public Centers for the Year  
1976

Establishment	Budget			Personnel	Status*	Date of Creation
	Million Yen	Million Francs				
Institute of Agricultural Mechanization	396	15.0		90	1	1962
Technical Center of the Association for the Furthering of the Mechanical Industry	742	11.9		55	2	1964
Institute of Public Works Machines	460	7.4		48	3	1964
Technical Center for the Bicycle and Motorbike Industry	317	5.1		62	2	1958
Technical Foundry Center	310	5.0		7	2	1970
Total	2,765	44.2		262		

\*1 - Semi-public establishment under special law

2 - Foundation for public benefit

3 - Private company for public benefit

In short, these centers play an important role in the diffusion of new technologies and equipment for production and testing. They in fact dispose of the most recent equipment available to firms, by way of demonstration or services. This is the case, for example, with the laser machining tools of the CTSPIM.

The 210 industrial technical centers active in the area of the manufacturing industries only represented 2.2 percent of Japan's R&D effort in 1976, and 3.4 percent of the private industry R&D effort. However, no one can deny the determinative role they played in the past and which they also play today in gearing down the small and medium-sized industries' ability to adapt to new technologies. Always considering manufacturing industries, whereas about 12,000 firms declared themselves to be engaged in R&D work, the industrial technical centers were potentially able to serve more than 100,000 active firms.

It seems, moreover, that an equilibrium has been reached between the autonomy of the local centers required for their vitality, facilitated by the relative independence of the Japanese local governments, and a flexible and indirect guidance by MITI, which endeavors to steer the general policies of the establishments.

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SCIENCE AND TECHNOLOGY

MITI PROPOSING 'XJB' ENGINE FOR BOEING 737

Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 p 2

[Text]

The Ministry of International Trade and Industry (MITI) has officially proposed to Boeing Commercial Airplane Co. for possible adoption of new turbofan engines projected for joint development by the Japanese industry and Rolls-Royce, tentatively coded the "XJB," for improved 737 aircraft, MITI sources revealed recently. Boeing has reportedly agreed to study the Japanese proposal together with a General Electric/SNECMA proposal on use of the CFM56-DR turbofan for the same aircraft.

MITI has requested approximately ¥2,600 million in the FY 1980 national budget for subsidies to the local aero engine industry to develop an 8 - 9 ton turbofan in collaboration with Rolls-Royce Limited of the UK. MITI is also promoting development of a raw 150-seat passenger aircraft as the Y-XX program. Details of the engine and the Y-XX development programs are expected to be reported at a meeting of the Policy Subcommittee of the Aircraft Division, Aircraft & Machinery Industry Council, an advisory body to the Minister, in November.

Fokker Aircraft of the Netherlands is reportedly requesting Boeing to participate in the F29 aircraft development program which Fokker is also asking Japan to join. The F29 is expected to carry 132 passengers. Fokker is proposing the use of the "XJB" for the F29. Boeing, however, appears more interested in improving present 737 aircraft, by using more advanced engines, and has expressed interest in the "XJB" together with the CFM56-DR turbofan being proposed by General Electric/SNECMA, sources say.

Francois Swarttouw, Chairman of Fokker Aircraft, will be in Tokyo in the middle of October to talk with Japanese industry and MITI leaders about linking the Y-XX program with the F29.

Negotiations between Rolls-Royce and Japan on the "XJB" program are now in the final stage and agreement is expected by the end of this year.

## SCIENCE AND TECHNOLOGY

### AEROSPATIALE SEEKS COOPERATION WITH SJAC

Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 pp 2,3

[Text]

Aerospatiale of France has proposed talks with the Society of Japanese Aerospace Companies (SJAC) about the possibility of joint aircraft development and production, signaling further promotion of Japan-Europe cooperation in development of commercial aircraft, according to local industry sources.

The French company has also informed SJAC it will send Executive Vice President Y. Barbe and Executive Director M. Thomas to Japan in the middle of November for discussions.

Although details of the proposal are unavailable, the French firm is believed wanting to discuss with their Japanese counterparts which commercial transports, helicopters and space technology is suitable for French-Japanese joint development and production.

The Aerospatiale executives will confer with representatives of SJAC on overall cooperation and separately with leading Japanese aerospace manufacturers, on possibility of joint aircraft development. SJAC will prepare for the talks from now.

Japanese aircraft manufacturers have already begun talks with Fokker of the Netherlands on new commercial transports, with Rolls-Royce of Britain on new turbofan engines and with Finmeccanica of Italy's IRI group on aircraft equipment for joint development and production.

CSO: 4120

## SCIENCE AND TECHNOLOGY

### SHIN MEIWA PLANS INTERNATIONAL AIRCRAFT DEVELOPMENT

Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 pp 3, 4

[Text]

Shin Meiwa Industry Co. is planning joint development of new flyingboats with foreign manufacturers. Seeing Dornier of West Germany as a possible partner in the project, the firm intends to start full-scale negotiations with them in FY 1980 starting next April, Japanese industry sources report.

Shin Meiwa will decide on the size of flyingboats to be jointly developed next summer after studying reports by a flyingboat committee of the Society of Japanese Aerospace Companies (SJAC) and the Aircraft Division of the government's Aircraft and Machinery Industry Council. A 40-to-50-seat plane is likely to be chosen.

Using the new flyingboat that will be developed, Shin Meiwa intends to explore the domestic civil market and promote exports.

The company has been manufacturing PS-1 antisubmarine and US-1 search/rescue flyingboats for the Maritime Self-Defense Force since 1968. However, the MSDF is now studying whether to continue purchasing PS-1 flyingboats as it will soon start introducing P3C antisubmarine patrol aircraft. In its budget requests for FY 1980, no orders for the PS-1 are planned. Therefore, Shin Meiwa cannot be optimistic about continued PS-1 production. An increase in orders for US-1s is also thought unlikely.

Meanwhile, a private organization recently drafted a report after five years about possible use of flyingboats, saying flyingboats can play a major role in transportation to distant islands and tourism development. Okinawa and Kagoshima in southwestern Japan have expressed concern about the report. Demand for flyingboats for local transportation is thus seen as promising.

These conditions have led Shin Meiwa to decide that the best way to increase its flyingboat production is promotion of sales in civil markets. It also thinks joint development of new flyingboats would be suitable with foreign

aircraft markers and can lead to more exports. This follows a recent interim report of the government council saying international collaboration would be appropriate in future aircraft development.

Shin Meiwa has chosen Dornier as a possible partner because the German aircraft maker sought the Japanese company's participation in improvement of the Do-24 aircraft about seven years ago. The German project has not been put into effect due to Shin Meiwa's reluctance to participate. If Shin Meiwa proposes a new flyingboat development project to Dornier, they may possibly agree to cooperate, observers say.

Another possible partner is Canada's Canadair, which is the biggest flyingboat producer in the world and now plans to develop a successor to the CL-215 flyingboat. Shin Meiwa has been exchanging technical information with the Canadian aircraft manufacturer.

Shin Meiwa expects government subsidies for the flyingboat development project as it is estimated to cost as much as ¥20,000 million. Watching reports of SJAC and the council's Aircraft Division, Shin Meiwa will press the government to adopt the plan as a national project.

It will work out an outline of the project possibly next summer and then start negotiations with possible partners and market research.

CSO: 4120

## SCIENCE AND TECHNOLOGY

### SJAC TO SET UP TWO AD HOC COMMITTEES

Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 p 4

[Text]

The Society of Japanese Aerospace Companies (SJAC) has formally decided to set up two ad hoc committees to investigate small aircraft and flyingboats.

The decision is based on an interim report of the Policy Subcommittee, Aircraft and Machinery Industry Council, as well as a plan worked out at the time of establishing its FY 1979 Long-Term Scheme Committee.

SJAC has already started preparations for actual establishment of the two committees and selection of the committee members.

Japan is considerably lagging behind the United States in utilization of small aircraft. However, the interim report said small aircraft production should become an important part of the aircraft industry. Some quarters in the government and business circles consider promotion of small aircraft as an urgent task.

Japan has many problems to be solved concerning promotion of small aircraft, including actual requirements, safety, air traffic systems, maintenance and airports. Therefore, SJAC planned to set up a committee on measures for small aircraft promotion when it established earlier the Long-Term Scheme Committee for FY 1979.

As for flyingboats, the interim report of the Policy Subcommittee recommended SJAC to establish an ad hoc committee to study various problems involving flyingboats, such as development and production costs in comparison with conventional land-based aircraft, operation costs inclusive of fuel and maintenance costs, airport construction costs compared with onshore airports, airport maintenance costs, comparison of overall aircraft systems, and function of the price mechanism. SJAC made a formal decision to follow the recommendations.

## SCIENCE AND TECHNOLOGY

### THREE CANDIDATES WILL BE STUDIED--NEW YX

Tokyo JPE AVIATION REPORT-WEEKLY in English 10 Oct 79 p 5

#### [Text]

The Japanese aircraft industry has selected three planned aircraft in the United States and Europe as candidates for the new YX or the next-generation commercial transport to be developed in cooperation with foreign countries.

They are the Fokker F-29, a Boeing 737 replacement and a new 120-to-160-seat aircraft of Airbus Industrie, a consortium of European aerospace manufacturers.

Japanese aircraft manufacturers believe that they must pursue development of the new YX in cooperation with their foreign counterparts. Full-fledged studies about the project will start around the middle of October when Chairman F. Swarttouw of Fokker visits Japan. At the same time, the Policy Subcommittee, Aircraft Division, Aircraft and Machinery Industry Council, will start discussions as a follow-up to an earlier interim report to draft a concrete new YX development scheme.

Swarttouw will approach Japanese aircraft makers about joint development of the 132-to-160-seat F-29 jet transport. The F-29 development scheme originated from Fokker's project for development of the 120-seat Super F-28, which was shown to Japan on the occasion of Swarttouw's visit here last February. Fokker has revised the size of the planned transport apparently to have Japan participate in its development.

Such aircraft makers as Mitsubishi Heavy Industries, Ltd. and Kawasaki Heavy Industries, Ltd. think the F-29 is worth studying as a candidate for Japan's new YX project.

Favoring international development of the new YX, they believe the time has come to study specifics of the new YX project and foreign partners. They intend to compare the F-29 with two other candidates—the Boeing 737 replacement and the new narrow-body aircraft of Airbus Industrie.

Fokker, while seeking joint development with Japanese firms, is also approaching Boeing. The Japanese have major concern about the coming visit of Swarttouw, who is expected to clear up details of the F-29 scheme as well as a possible Fokker-Boeing joint venture.

Airbus Industrie's project is expected to shape up possibly early next year. A 130-to-160-seat aircraft is said to be under consideration. This may probably become a political project aimed at promotion of Japan-Europe economic cooperation because the new transport may become an aircraft representing the European Community (EC).

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